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Austria, apart from State property having been taken over by the German Government, most of the leading industrial enterprises had been absorbed in one way or another by the big German concerns. The absurdity of the situation resulting from Potsdam was made clear in May 1946, when a member of the National Assembly pointed out during a session that the Parliament building did not belong to the Austrian people, but was a 'German asset'. Dr. Renner summed up the position by saying: 'If all the concerns that were stolen or swindled from us by Germany are taken away, Austrial will . . . be incapable of an independent economic existence.' More recently, in December 1951, Dr. Klaus, Governor of Salzburg, suggested that had Austria enjoyed the full income from the 'German assets' seized by the Russians it could have dispensed with Marshall Aid. The validity of historical 'ifs' can never be proved, but Austria's total losses to the Russians, including dismantling, evaded taxes, and the products of industry and the oil-fields, have been approximately equal to her gains from the United States under the European Recovery Programme.

The Austrian oil-fields were the largest single asset taken over by the Soviet Authorities.

Before the *Anschluss*, Austrian oil production was largely in the hands of two concerns financed by British and American capital: the 'Britol' Oil Company, later to become the Richard K. van Sickle Deep Drilling Enterprise, and a joint undertaking of the Shell and Vacuum groups, known as RAG. In 1938 a number of German companies entered the field and, in addition to undertaking extensive new developments, forcibly took over some of the oil-fields and refineries owned by British and American companies. As production rose from 32,849 tons in 1937 to 1,213,036 in 1944 under the stimulus of German effort, there was a *prima facie* case for the Austrian oil industry being largely a 'German asset'. On the other hand, human enterprise is only one element in oil production: the oil itself is at least as important. The fact that Germans had ruthlessly exploited Austrian oil to satisfy their war needs gave the Russians no right to confiscate one of Austria's most

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valuable natural resources under the pretence that it was German property.

The Austrian Nationalization Law of 1946 included the oil industry, but, so far as oil in the Russian zone was concerned, it never went into effect. In the summer of that year the Soviet High Commissioner announced that all the German-controlled oil-fields had been taken over as 'German assets'. The Soviet Mineral Oil Administration (SMOA) was set up to manage them.

The Soviet authorities did recognize British and American ownership of certain oil-fields and refineries that had not been taken over by the Germans. They are still under British and American management, but are subject to various measures of Soviet control. The producing companies are required to sell their crude oil to SMOA. The refining companies have to buy this oil from SMOA and resell to it the refined product. Payments are made to the British and American concerns in Austrian schillings, after the deduction by SMOA of arbitrary sums for administrative expenses. The disposal of the oil remains in Soviet hands, and the concerns are not able to export it, as they might wish. This limited recognition of foreign rights does not therefore benefit the Austrian trade balance in any way.

Exact statistics are not available for the Austrian oil industry since it has been under Soviet control. But it has been estimated by the best-informed authorities that production rose from 846,600 tons, to which it had declined in 1946, to about 3,200,000 tons in 1952, and is thus now probably the highest in Europe.[1] This increase indicates the anxiety of the Russians to extract all they can from the Austrian oil-fields while they have them under their control. The result has been achieved by extensive new boring and by the employment of damaging and uneconomic methods that would normally never be used.

It is significant that the expansion has practically been confined to the ex-German enterprises under purely Soviet control, which have had full freedom of action and exploration.

[1] Reliable figures for Roumania, its only possible rival, are not available.

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During the past few years the proportion of the total yield produced by British and American concerns fell from about 15 per cent to less than half that amount. It is even more significant that the 60 per cent of the oil-fields and the prospecting rights that the Soviet authorities suggested should be retained by them under the terms of the draft treaty of 1949 have proved, as was suspected at the time, to be by far the most productive and promising areas. Had the draft treaty been signed and the Soviet allocations accepted, the proportion of oil production now in Soviet hands, on the basis of 1952 figures, would have been 92 per cent instead of 60. The proportion of known oil reserves would have been even more favourable to the Russians.

Soon after the War ended the Russians suggested to the Provisional Government that Austria and the Soviet Union should share the installations and rights in the oil-fields on a 50–50 basis. Dr. Renner had the foresight to reject this offer, which would have given the Russians a permanent footing in the country and had serious political implications. But since then Austria, though so large an oil-producer, has not even been able to purchase from the Soviet Oil Administration enough petrol and other forms of oil from its own production to satisfy its modest needs. It has had to resort to imports from the United States, and on at least one occasion is said to have bought from Western Germany Zistersdorf oil sent by the Russians to Eastern Germany and then exchanged with Western Germany for industrial products. The quantity of oils allotted for home consumption has increased annually with total production since 1949. In 1951, for the first time, domestic needs were practically satisfied. But Austria during the whole post-War period has been allocated no more than about a third of her total oil production. The remainder has been sent eastwards by the Russians, chiefly to Czechoslovakia, East Germany, and Poland.

This state of affairs has of necessity been accepted by the Austrian people. But a welcome demonstration of impatience was given by the National Assembly when a resolution was

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727 passed by the People's Party, the Socialists, and the League of
382 Independents, in November 1952 calling upon the Minister of Finance to enter into negotiations with the Soviet occupation authorities to ensure that Russia shall pay full compensation to the Austrian Republic for all petroleum removed from her oilfields since 1945 and meet all its obligations with regard to taxes and customs dues, as required by Austrian law.

727 The remainder of the enterprises, large and small, that have been seized by the Russians as so-called 'German assets' have
471 been administered by one vast organization known as USIA—the initials of the Russian title meaning the Administration of Soviet Property in Austria. The Soviet authorities decided for themselves what they were going to take over as reparations and announced the list during the summer of 1946. The Soviet High Commissioner would allow no discussion of the subject in the Allied Council and made clear that he considered himself the only authority. As the Potsdam Conference had allotted German property in Eastern Austria to the Soviet Union without definition, the Western Powers had no alternative but to accept the decision.

The USIA concerns being entirely under Russian control, full information and statistics regarding their organization, production, and equipment are not available. But a fairly accurate general impression of their extent and method of working can be obtained from reliable sources. The Austrian Minister of Finance stated in Parliament in August 1951 that 471 USIA enterprises were listed with the Treasury, of which 351 were commercial, 100 agricultural, and 20 mixed or doubtful, and that altogether about 60,000 insured persons were employed in them. Since the War USIA has been the largest landholder in Austria. In 1951, a total of 115,980 hectares[1] of land were held by the occupying Powers for aerodromes, military purposes, agriculture, and forestry. Of this area no less than 112,747 hectares were in Russian hands. Some had been taken over soon after the War to produce food for the Soviet forces, and the remainder had been seized as 'German

[1] A hectare equals 2·471 acres.